
London Borough of Lewisham Pension Fund

2024/25 Annual Report

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Appendix A - 2024/25 Pension Fund Statement of Accounts

1. FOREWORD BY THE ACTING EXECUTIVE DIRECTOR OF CORPORATE RESOURCES

- 1.1. Welcome to the 2024/25 Annual Report for the Lewisham Pension Fund. The requirement for, and contents of, the annual report is set out in Regulation 57 of the Local Government Pension Scheme Regulations 2013.
- 1.2. The Council is the Administering Authority (AA) for the Lewisham Pension Fund. It is responsible for effectively managing the Fund and does this through the Pension Investment Committee (PIC). PIC oversees the work of officers to ensure the administration and investment activities of the Fund are managed in compliance with the law and applicable regulations. The work of the PIC is also supported by the Pension Board with the terms of reference for both set out in the Council's constitution.
- 1.3. The overriding objective of the Fund is to ensure its assets are sufficient to pay the benefits owing to members. To achieve this, it must ensure:
 - The proper receipt of contributions from employers and scheme members;
 - The appropriate investment of those contributions to achieve both investment income and capital growth; and
 - The timely payment of benefits as and when members retire, for the rest of their lives and to their dependents where relevant.
- 1.4. To achieve these objectives the Fund operates within a framework of strategies, aligned with investment beliefs, which meet the requirements of the Regulations and clearly set out a route to achieve full funding of the Fund's obligations within a set timeframe. These take the form of the Funding Strategy Statement and Investment Strategy Statement and a Statement of Investment Beliefs. The Statement of Investment Beliefs sets out a list of high level overriding principles by which the Committee make investment decisions, including governance, investment strategy and structure, responsible investment, and climate change; the full statement is available on the Fund's website at www.lewishampensions.org.
- 1.5. The Pension Fund Annual Report details the financial position of the Fund and the performance of the managers appointed to administer the investment portfolio. It brings together a number of separate reporting strands into one comprehensive document that enables the public and Scheme Members to see how the Fund is managed and how it is performing.
- 1.6. I am pleased to report that the Fund has achieved positive results over the past year, increasing its value by £40.1m (2.2%), from £1.842bn to £1.882bn for its members. However, this growth has occurred as the Membership of the Fund continues to mature and amidst a prolonged period of higher inflation, both of which increase the Fund's liabilities. I remain positive that the Fund will continue to manage these risks to achieve a 100% or better funded position in the medium term.
- 1.7. Much of the current investment strategy to diversifying the Fund away from fossil fuels to low-carbon mandates has been achieved. Since 2018, the Fund's equity portfolio has reduced its fossil fuel exposure by over 50% compared to the global benchmark. This has been achieved, in line with the changed risk profile from the improved funding position, by reducing

exposure to growth funds (equities) and moving the Fund's allocation to growth into funds such as the Passive Equity Progressive Paris Aligned Fund (PEPPA) with the London Collective Investment Vehicle (LCIV) and into Storebrand Global Plus Fund. During the year the fund made a new investment commitment into forestry and agriculture of £94m into LCIV Nature Based Solutions Fund.

- 1.8. Lewisham continues to work with the LCIV to increase the proportion of its assets that are pooled, (currently 45% pooled) in line with Government expectations for Funds to pool by 31 March 2026.
- 1.9. The government issued its response to the Local Government Pension Schemes (LGPS) consultation on 29 May 2025, outlining actions to reform the UK pensions system to improve outcomes for savers and boost investment in the UK economy. While not all elements of change are clarified, there is increased clarity on most of the specific points:
 - Asset Pooling: transfer assets to the management of the pool by March 2026.
 - Pool Structure: FCA-authorised; due diligence on local investments by March 2026.
 - Transition: Move from 8 to 6 pools nationally; with support to merge by March 2026.
 - Local Investment: Collaborate with local bodies; set targets for investments.
 - Governance: 3-year reviews; with independent advisers appointed from 2026.
 - Legislation: Powers to direct AAs; including procurement exemptions as necessary.
- 1.10. Responsible Investment (RI): The government clarified that investment style decisions (active, index-tracking, etc.) should be made by pools as part of the implementation strategy. Pools should work with AAs to establish a common approach to ESG and RI requirements, though alternative options may be considered if there are divergent stances.
- 1.11. The results of the most recent triennial valuation, based on the Fund's position at 31 March 2025, will be available by spring 2026. These will be used by PIC to reassess the funding strategy and level of risk the Fund needs to take to meet its long-term obligations, guided by the agreed Responsible Investment Beliefs where possible. From April 2026 the responsibility for delivery of the investment strategy and specific investment choices will be for the LCIV.
- 1.12. The PIC and officers continue to work hard to navigate the Fund through a number of administration and investment challenges. On the administration side, with the continued pressures around local government finances and the prospect of fewer members making contributions in the future, the Fund may have to take more risk to meet its liabilities. On the investment side, in addition to the climate crisis and global conflicts, the world investment markets are volatile as they continue to respond to a range of uncertainties.

David Austin
Executive Director of Corporate Resources (S151 Officer)

2. FOREWORD BY THE CHAIR OF THE PENSIONS INVESTMENT COMMITTEE

- 2.1. I am pleased to present the Annual Report for the financial year ending 31 March 2025 on behalf of Lewisham Pension Fund. We hope that this report will provide you with valuable insight into the Fund.
- 2.2. Over the past year to 31 March 2025, our pension fund's investments have performed admirably, which have seen steady growth across various asset classes, including equities, fixed income, renewable infrastructure, property and private debt. The overall fund value increased by 2.2% compared to last year, ending the financial year on £1.882bn.
- 2.3. Lewisham's Pension Fund assets saw strong growth in the year, however, as the global conflicts continue it is likely to have a detrimental effect on the Fund in the medium-term, not just in terms of asset values but the funding assumptions underlying the strategic direction of the Fund, remains uncertain. We expect our fund managers to continue monitoring market trends and make necessary adjustments to our portfolio in order to optimise returns whilst effectively managing risk
- 2.4. Following the government's recent announcement on LGPS reforms, there will be many changes in the way the fund operates, and some responsibilities will shift from PIC to LCIV. Currently, the fund has 45% of its assets in pooled funds, with plans to transfer the management of the remaining assets to LCIV by 31 March 2026.
- 2.5. As a global long-term investor, the PIC recognizes that climate change and conflicts between nations present significant long-term risks to the value and security of pension scheme investments and capital markets more broadly. We have reviewed our Responsible Investment (RI) Beliefs Statement, which outlines how the Fund integrates environmental, social, and governance (ESG) considerations into its investment decisions. Recent global conflicts have raised further questions about our Responsible Investment (RI) beliefs. We have been conducting a series of engagement meetings with various fund managers to understand their policies on specific Environmental, Social, and Governance issues.
- 2.6. The fund will conduct a member survey this year to gather feedback from both active and non-active members of the Lewisham Pension Fund. The survey results will provide insights into the views of some of the pension fund members.
- 2.7. As part of my regular engagement activities, I held meetings with LCIV to discuss Responsible Investor policies, including exclusions and potential future changes. I also continued to meet with a wide range of organizations and groups, as well as the Chairs of PIC from other local authorities, to expand work on various relevant matters.
- 2.8. Lewisham Pension Fund was a voluntary founding member of London Collective Investment Vehicle (LCIV), the Fund remains committed to pooling our assets into the pool. We are actively engaging with LCIV to identify mandates that align with the beliefs of the Committee and the overall Fund strategy. Alongside the other 32 London Borough shareholders, we

hope to see LCIV leverage its scale to make significant and profitable investments in alternative asset classes.

- 2.9. We will see the continued investment and drawdowns into low-carbon investments, as well as low-carbon income generating assets such as the LCIV Renewable Infrastructure Fund. We will continue to invest in low-carbon investments and low-carbon income-generating assets, such as the LCIV Renewable Infrastructure Fund. During the year, the fund committed £94m to the LCIV Nature Based Solutions fund, which focuses on activities that improve and preserve the natural environment. This will ensure the Fund continues to align its investments with its broader climate objectives while preserving the resources necessary to secure the long-term payment of members' benefits.
- 2.10. The Committee will continue to ensure the Fund is well managed for the benefit of all its members. I thank the members of the Pensions Investment Committee and the Council's officers for their work over the past year, particularly in ensuring the Fund is well managed and increasingly aligned with our broader ESG objectives. I look forward to continuing to work with all involved to ensure the Fund remains effectively and responsibly managed.

Councillor Sian Eiles

Chair – Pensions Investment Committee

3. INTRODUCTION AND OVERVIEW

A. OVERVIEW OF THE SCHEME

- 3.1. The London Borough of Lewisham Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS). The Fund was established under the Superannuation Act 1972, which requires the Council to maintain a Pension Fund for its own scheme members admitted to the Fund under an admission agreement. It is governed by the Public Service Pensions Act 2013, and administered in accordance with secondary legislation including the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pensions Scheme (Management and Investment of Funds) Regulations 2016 (referred to henceforth as 'the Regulations').
- 3.2. The Fund's objectives as per its Investment Strategy Statement are to invest its assets so as to meet the long-term pension liabilities (as prescribed by the Local Government Pension Scheme Regulations 2013) for its members. The Fund's approach to investing is to optimise return consistent with a prudent level of risk, to ensure there are sufficient resources to meet the liabilities whilst ensuring the suitability of the assets in relation to the needs of the Fund.

4. MANAGEMENT AND GOVERNANCE

- 4.1. The Council has delegated the investment arrangements of the scheme to the Pensions Investment Committee (PIC). This Committee decides on, and has ultimate responsibility for, the investment policy most suitable to meet the liabilities of the Fund. It comprises eight elected representatives of the Council, all of whom have voting rights. Members of scheduled and admitted bodies to the Fund, and representatives of the Local Pension Board, may attend Committee meetings as observers but have no voting rights.
- 4.2. The Committee reports to Full Council and has full delegated authority to make investment decisions. The Committee obtains and considers advice from the Executive Director of Corporate Resources and his officers, and the Fund's appointed actuary, investment adviser and fund managers.
- 4.3. The Committee has delegated the management of the Fund's investments to professional investment managers, appointed in accordance with the Regulations, whose activities are specified in detailed investment management agreements and monitored on a quarterly basis.

5. FUND GOVERNANCE

A. GOVERNANCE STRUCTURE

- 5.1. Lewisham's Annual Governance Statement has been adopted by the PIC on behalf of the Fund.
- 5.2. Article 9 of the Council's Constitution sets out the composition and terms of reference of the Pensions Investment Committee, to exercise all functions of the Council in relation to local government pensions under Section 7, 12 or 24 of the Superannuation Act 1972 and all other relevant pension legislation. This includes:

- To review with fund managers the investment performance of the Fund's assets on a quarterly basis;
- To examine the portfolio of investments, and its market value, at the end of each quarter for suitability and diversification;
- To inform fund managers of the Council's policy regarding investment of its funds, and to take advice on the possible effect on performance resulting from implementing the policy;
- To review from time to time the appointment of fund managers;
- To determine the overall investment strategy and policies of the Fund, taking account of professional advice; and
- Responsibility for compliance with the six Myners principles set out in CIPFA's "Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom (2012)" and all other relevant guidance in relation to the Local Government Pension Scheme in force and issued by CIPFA from time to time.

5.3. Responsibility for day-to-day administration and preparation of the Pension Fund accounts and annual report has been delegated to the Executive Director for Corporate Resources.

5.4. Details of the Council's Code of Corporate Governance is set out in Part V of the Council's Constitution which is available at:
www.lewisham.gov.uk/mayorandcouncil/aboutthecouncil/how-council-is-run/our-constitution

5.5. The Council's latest Annual Governance Statement is available with the main Council Statement of Accounts at the following link:
www.lewisham.gov.uk/mayorandcouncil/aboutthecouncil/finances/statement-of-accounts

B. MEMBERSHIP – PENSIONS INVESTMENT COMMITTEE

5.6. The Pensions Investment Committee comprises eight Members of the Council who have voting rights, and meets at least quarterly. At the start of each meeting Committee Members are invited to declare any financial or pecuniary interest related to specific matters on the agenda. The Committee takes advice from its independent investment consultant (Hymans Robertson) and permits attendance from non-voting observers comprised of pensioners, admitted and scheduled bodies, union officials, and members of the Local Pension Board.

5.7. The following table sets out attendance by the eight Councillors who were members of the Pensions Investment Committee for the scheduled meetings in 2024/25. Note four meetings are scheduled in each financial year and each Councillor has one vote with the Chair having the casting vote. The June 2024 meeting was cancelled due to the national elections.

Member	5 June 2024 (Cancelled due to an election)	19 Sept 2024	20 Nov 2024	5 Feb 2025
Cllr. Eiles – Chair	Cancelled	✓	✓	✓
Cllr. Ingleby – Vice Chair	Cancelled	✓	✓	✓

Cllr. Anwar	Cancelled	✓	✓	✓
Cllr. Best	Cancelled	x	✓	✓
Cllr. Krupski	Cancelled	✓	✓	✓
Cllr. Muldoon	Cancelled	✓	✓	x
Cllr. Royston	Cancelled	✓	✓	✓
Cllr. Shrivastava	Cancelled	✓	✓	✓

C. MEMBER TRAINING

5.8. Members attend training events and conferences to develop and maintain the relevant skills required as set out in the CIPFA Knowledge and Skills framework. The framework covers six key areas:

- 1) Legislative and governance framework
- 2) Accounting and auditing standards
- 3) Procurement of financial services and relationship management
- 4) Investment performance and risk management
- 5) Financial markets and investment products knowledge
- 6) Actuarial methods, standards and practices

5.9. Members of the Board are encouraged to complete the Pension Regulator's Toolkit. This is an online modular training facility which breaks the LGPS pension requirements into various pension's subject areas.

5.10. During 2024/25 members notified officers of their attendance at the following training sessions and events:

Members training and events from 1 April 2024 to 31 March 2025			
Date	Description	Provider	Member
08/06/2024 19/09/2024	The Pension Regulator's General Code of Practice 2024 update	Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
06/06/2024	Esri UK Webinar: 'Better Understand & Manage Your Natural Capital'	Esri UK	Cllr M Ingleby (Vice-Chair)
06/06/2024	Economic update	IOD Property & Built Environment SIG	Cllr. J Muldoon

Members training and events from 1 April 2024 to 31 March 2025			
Date	Description	Provider	Member
08/06/2024	Review and update of the Quarterly Investment Report	Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
08/06/2024 19/09/2024	Pension Fund Risk Register review	Officers	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
08/06/2024 19/09/2024	Harbourvest Private Equity Review	HarbourVest and Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
08/06/2024 19/09/2024	Climate Risk and Net Zero Report	Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
08/06/2024 19/09/2024	Review of draft Engagement Policy	Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
27/06/2024	PFIF (Pension Fund Investment Forum) Seminar: 'Managing Transition to Net Zero'	PFIF	Cllr M Ingleby (Vice-Chair)
5-6/09/2024	LCIV Annual Conference - at Woolwich Works	London CIV	Cllr M Ingleby (Vice-Chair)
18/09/2024	Economic update	IOD Property & Built Environment SIG	Cllr. J Muldoon
19/09/2024	Review and update of the Quarterly Investment Report	Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava

Members training and events from 1 April 2024 to 31 March 2025			
Date	Description	Provider	Member
09/10/2024	SPS: 'Sustainable Investments & Current Issues' – at Farmers & Fletchers	SPS	Cllr M Ingleby (Vice-Chair)
04/11/2024	Workshop on Restrictions and Exclusions	Officers and Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
20/11/2024	Lewisham Pension Administration update	Officers	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
20/11/2024	Review and update of the Quarterly Investment Report	Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
20/11/2024	Review the Pension Fund Administration Strategy	Officers	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
20/11/2024	The Pension Regulator's General Code of Practice 2024 update	Officers	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
20/11/2024	Review of restrictions and exclusions as part of the Responsible Investment Beliefs Statement	Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava

Members training and events from 1 April 2024 to 31 March 2025			
Date	Description	Provider	Member
20/11/2024	Review of Private Debt	Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
20/11/2024	Nature Based Solutions product assurance	Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
4- 6/12/2024	LAPFF Annual Conference - Bournemouth	LAPFF	Cllr M Ingleby (Vice-Chair)
05/12/2024	Economic update – net zero opportunities	IOD Property & Built Environment SIG	Cllr. J Muldoon
10/12/2024	Engagement meeting with London CIV	Officers and Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
12/12/2024	Pension Fund Investment Forum	PFIF	Cllr. J Muldoon
07/01/2025	Engagement meeting with Storebrand	Officers and Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
28/01/2024	Economic update	IOD Property & Built Environment SIG	Cllr. J Muldoon
05/02/2025	Lewisham Pension Administration update	Officers	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Royston Cllr. L Shrivastava
05/02/2025	LGPS Reform and HMCLG Consultation	Officers	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Royston Cllr. L Shrivastava

Members training and events from 1 April 2024 to 31 March 2025			
Date	Description	Provider	Member
05/02/2025	Review and update of the Quarterly Investment Report	Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Royston Cllr. L Shrivastava
05/02/2025	Fund Manager Cambell Global as part of the LCIV Nature Based Solutions Fund	Cambell Global	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Royston Cllr. L Shrivastava
05/02/2025	Nature Based Solutions	Officers and Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Royston Cllr. L Shrivastava
12/02/2025	SPS: 'Alternative & Real Assets Investment' – at Farmers & Fletchers	SPS	Cllr M Ingleby (Vice-Chair)
18/02/2025	Contributor (with Cllr Eiles) to Hymans 'Transition to Net Zero' Webinar	Hymans	Cllr M Ingleby (Vice-Chair)
26/02/2025	Economic update	IOD Property & Built Environment SIG	Cllr. J Muldoon
25/03/2025	Growth investment opportunities	New Statesman	Cllr. J Muldoon
25/03/2025	Governance issues	Financial Times NED Club	Cllr. J Muldoon
26/03/2025	Net Zero in Transition Summit	PFIF	Cllr M Ingleby (Vice-Chair)
27/02/2025	Scientific Portfolio Webinar: 'Do Exclusions Impact Portfolio Risk and Diversification?'	Scientific Portfolio	Cllr M Ingleby (Vice-Chair)
Weekly	Citywire – 30 minutes per week	Citywire	Cllr. J Muldoon
Weekly	Dr M El-Erian's LinkedIn columns - 30 minutes per week	Linkedin	Cllr. J Muldoon
Ongoing	At least one hour per week unstructured CPD reading publications on market conditions, investment reports or pensions news.	Various	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava

- 5.11. Members are also aware of their obligations under the Markets in Financial Instruments Directive (MiFID) II, under which the Fund has opted up to professional status with its fund managers and relevant service providers, committing to develop and maintain their knowledge of the LGPS in order to preserve the Fund's professional client status.
- 5.12. Members are provided with a schedule of suggested training events and conferences throughout the year, provided at each quarterly meeting of PIC. The events are intended to cover a range of skillsets and provide insight as appropriate to the needs of Members and the broader strategic direction of the Fund.
- 5.13. In addition, the Fund's advisors present training on relevant topics both within PIC meetings and as separate events; these cover a wide range of subjects, from the impact of legislative changes to asset specific training, which is also supported by presentations from fund managers on their respective asset classes.

6. REPORT FROM THE LOCAL PENSION BOARD

A. INTRODUCTION

- 6.1. The Pension Board is not decision-making body but does have a specific remit under The Public Service Pensions Act 2013 to ensure that pension funds meet all relevant legal requirements.
- 6.2. The Pension Board has an important role of assisting the administering authority with the efficient management of the Fund and ensuring its compliance with legislation and best practice.
- 6.3. The Pension Board met three times in 2024/25 and one meeting was cancelled due to the national elections. There are planned quarterly meetings in 2025/26. The Board's focus has been on:
 - Enhancing its understanding of the arrangements put in place by the administering authority, including through consideration of minutes and agendas of the Pensions Investment Committee and receipt of documentation by management;
 - Reviewing the strategies and other reporting requirements to meet the administering authority's compliance with legislation and best practice.
 - Evaluates the authority's preparations for The Pension Regulator's General Code of Practice. The Board agreed its own work programme and plans to review this at each meeting; and
 - Ensuring that appropriate arrangements are put in place for developing and maintaining the knowledge and understanding of members of the Board.

Further information about the Board and its operation, including its terms of reference, is available on the Council's website at:

<https://councilmeetings.lewisham.gov.uk/ieListMeetings.aspx?CId=353&Year=0> and on the Fund's website at the following link:

<https://www.lewishampensions.org/resources/>

B. MEMBERSHIP OF THE BOARD

6.4. The Board consists of five members: two employer representatives, two scheme member representatives and an Independent Chair. In the year ending 31 March 2025 one new member was appointed to the board. Since the year-end Sherene Russell-Alexander and Mark Adu-Brobbey have left the board and have been replaced by two new members.

Name	Capacity	Role	Meetings attended in 2024/25
Stephen Warren	Independent Chair (Non-Voting)		3/3
Sherene Russell-Alexander*	Employer Representative	Director of People and Organisational Development Lewisham Council	3/3
Mark Booker (from 01/11/2023)	Employer Representative	Pension Administration Manager Change Live Grow	2/3
Mark Adu-Brobbey*	Scheme Representative	Programme Manager - Together Lewisham Lewisham Council	2/3
Gary Cummins	Scheme Representative	Housing Partnership and Contract Manager Union Representative Lewisham Council	1/3

- Please note that since the year end Sherene Russell-Alexander and Mark Adu-Brobbey have left the board and have been replaced by two new members.

C. KNOWLEDGE AND UNDERSTANDING

6.5. Members of the Board are encouraged to complete the Pension Regulator's Toolkit. This is an online modular training facility which breaks the Pension Regulator requirements into various pension's subject areas. Relevant training via attendance at external events is made available to members of the Board. Officers also schedule relevant training sessions and a record of training for each member is maintained.

D. WORK PROGRAMME FOR THE FUTURE

6.6. The Board has agreed that:

- It will schedule four meetings a year; however in 2024/25 one meeting was cancelled due to the General Election being called and the meeting being in the period of purdah.
- It will structure its workplan to ensure that there are regular reviews of all relevant Pension Fund policies and procedures in place such that these continue to comply with relevant legislation and Codes of Practice issued by the Pensions Regulator;
- It will monitor the implementation of the Pension Regulator's General Code of Practice and the Local Government Pension Scheme Advisory Board's guidance;
- It will receive and review the administering authority's risk register and risk management policy for the Fund; and,

- It will evaluate the robustness of the administering authority's arrangements for obtaining assurance about the operation of pooled funds, specifically the London CIV, the collective investment vehicle for London Local Authorities' Pension Funds, as the Fund's levels of pooled investments has increased in recent years.

7. SCHEME MANAGEMENT, RISK AND BUDGET

A. SCHEME MANAGEMENT AND ADMINISTRATION

7.1. The individuals and organisations administering the Pension Fund are as set out below:

Pensions Investment Committee:	Cllr Sian Eiles - Chair
	Cllr. Mark Ingleby – Vice Chair
	Cllr Yemisi Anifowose
	Cllr. Chris Best
	Cllr Mark Jackson
	Cllr. Louise Krupski
	Cllr James Royston
	Cllr. John Muldoon
Local Pension Board:	Stephen Warren - Chair
	Sherene Russell-Alexander and Mark Booker - Employer Representatives
	Mark Adu-Brobbey and Gary Cummins – Scheme Member Representatives
Administrator:	David Austin – Executive Director of Corporate Resources
Responsible Officers:	Shida Ashrafi - Group Manager for Pensions & Payroll
	Katharine Nidd – Acting Director of Finance
Advisers:	Hymans Robertson LLP
Actuary:	Hymans Robertson LLP
Asset Pool:	The London Collective Investment Vehicle (LCIV)
Custodian:	Northern Trust
Legal Advisers:	LB Lewisham Legal Services
Bank:	Barclays Bank
Performance Measurement:	Northern Trust, Hymans Robertson, PIRC
AVC Providers:	Clerical Medical and Utmost
External Auditors:	KPMG UK LLP
Asset Managers:	BlackRock (Fixed Income Unit Trust)
	HarbourVest (Venture Capital)
	J.P. Morgan (Infrastructure – Hedge Funding)

	Legal & General Investment Management (LGIM) (Venture Capital)
	London Collective Investment Vehicle (LCIV) (Pooling)
	Partners Group (Venture Capital [private debt])
	Pemberton (Venture Capital [private debt])
	Schroders (Property)
	Storebrand Global and Emerging Markets (Equity Unit Trust)

B. RISK MANAGEMENT

- 7.2. The legal responsibility for the prudent and effective stewardship of the Fund's assets rests with the PIC. This Committee has full delegated authority to make investment decisions, the terms of which are set out in its terms of reference in the Council's constitution. It receives advice from the Chief Finance Officer and, as necessary, from the Fund's appointed actuary, investment managers, custodian and investment adviser.
- 7.3. The Committee has regard to the Myners Principles which codify best practice in investment decision-making, as updated and consolidated post 2008 by the Government and set out in the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Principles for Investment Decision Making and Disclosure in the LGPS (2012). The Committee manages the Pension Fund's assets in accordance with the relevant Regulations.
- 7.4. The Fund maintains a Risk Management Policy which sets out the risk philosophy for the management of the Fund, the Fund's attitudes to risk, and how risk management is implemented and monitored. The risk management process is consistent with the Regulations and guidance issued by CIPFA, Managing Risk in the Local Government Pension Scheme (2018), and is a continuous process as outlined in the table below.



Risk Management Stage	Description of Process
1. Risk Identification	Assessing risks in the context of the objectives and targets of the Fund, which is both a proactive and reactive process. Risks are identified by a number of means, including: - i/ Formal risk assessment exercises managed by the Pensions Investment Committee; - ii/ Regular performance measurement against agreed objectives or benchmarks; - iii/ Findings of internal and external audit; - iv/ Feedback from Local Pensions Board, employers and other stakeholders; - v/ Liaison with regional and national associations, professional groups and other sector organisations. Once identified, risks will be documented on the Fund's risk register, which is the primary control document for the analysis and classification, control and monitoring of those risks.
2. Risk Analysis and Evaluation	Once identified, the potential risks are assessed and scored according to their likelihood of occurring (from rare to almost certain) and the impact on the Fund should they occur (from insignificant to extreme).
3. Risk Response	These scores are then used to prioritise the risk from low risk to high risk according to the level of response required, as shown in the graphic below. Senior officers will review the extent to which the identified risks are mitigated by existing controls and whether any further action is required to address the risk. Before any such action can be taken, PIC approval may be required where appropriate officer delegations are not in place. Actions taken may result in risk elimination, risk reduction, or risk transfer.
4. Monitor and Review	The ultimate responsibility of PIC, in monitoring risk management activity the Committee will consider whether: - i/ The risk controls in place achieve the desired outcomes; - ii/ The procedures in place for assessing risk are appropriate; - iii/ Greater knowledge of the risk and potential outcomes would have improved the decision-making process in relation to that risk; - iv/ There are any lessons to be learned for the future assessment and management of risks.

- 7.5. The risk register is incorporated within the annual business plan which is approved by Pension Investment Committee and reviewed periodically to ensure that risks are updated and the relevant mitigations are put in place to manage them. The Local Pension Board (PB) reviews the authority risk management adequately mitigates against risk and that the direction of travel shows movement towards target scores. Senior officers and those named as responsible officers on the register will review the extent to which the identified risks are covered by existing internal controls and determine whether any further action is required to

control the risk, including reducing the likelihood of a risk event occurring or reducing the severity of the consequences should it occur.

7.6. The Fund's Investment Strategy Statement also outlines a number of risks taken to meet the funding objectives and the approaches taken to managing those risks, and include the following:

1. Funding Risks – broken down into:

- a. Insufficient asset growth** – the risk that the Fund assets fail to grow in line with the developing costs of meeting the liabilities. This is mitigated by the PIC setting a strategic asset allocation benchmark for the Fund which takes into account probability of success and downside risk, and monitoring allocation and returns relative to the benchmark. The PIC also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.
- b. Changing demographics** – the risk that longevity improves and other demographic factors change, increasing the cost of Fund benefits. This is mitigated by the PIC seeking to understand the assumptions used in any analysis and modelling so they can be compared to their own views, and the level of risks associated with these assumptions can be assessed.
- c. Systemic risk** – the possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting the Fund's liabilities. The PIC seeks to mitigate this as much as it can through a diversified portfolio.

2. Asset Risks – specifically:

- a. Concentration** – the risk that a significant allocation to any single asset class and its underperformance relative to expectation would result in difficulties achieving funding objectives. The PIC strategic asset allocation invests in a diversified range of asset classes and has in place rebalancing arrangements to ensure actual allocation does not deviate substantially from the target. The Fund invests in a range of mandates, each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, help to reduce the Fund's concentration risk.
- b. Illiquidity** – the risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets. By investing in liquid asset classes such as listed quoted equities and bonds, as well as property, the PIC has recognised the need for access to liquidity in the short term.
- c. Currency risk** – the risk that the currency of the Fund's assets underperforms relative to Sterling (i.e. the currency of the liabilities). The Fund invests in a range of overseas markets which provides a diversified approach to currency markets. The Fund has also considered, and will continue to consider at periodic intervals, the potential need for any currency hedging to reduce currency risk.
- d. Environmental, Social and Governance (ESG)** – the risk of embedding ESG factors to the extent that the ability of the Fund to meet its long-term funding obligations is significantly reduced. The PIC expects all investment managers to undertake appropriate monitoring of investments with regards to their policies and practices on all issues which could present a material financial risk to the long-term performance of the Fund, including corporate governance and environmental factors. It expects managers to integrate material ESG factors within its investment analysis and decision making, and to use their

influence as major institutional investors to promote good practice in the investee companies and markets to which the Fund is exposed.

- e. **Manager underperformance** – the failure of managers to achieve the returns as set out in their mandates. The PIC has attempted to reduce this risk by appointing more than one manager and having a large proportion of the Fund managed on a passive basis. The PIC assesses manager performance on a quarterly basis and will take steps if underperformance persists.

3. Other Provider Risk – comprising:

- a. **Transition risk** – the risk of incurring unexpected costs in relation to the transition of assets among managers. When carrying out significant transitions, the PIC seeks suitable professional advice.
- b. **Custody risk** – the risk of losing economic rights to Fund assets, when held in custody or being traded.
- c. **Credit default** – the possibility of default of a counterparty in meeting its obligations.
- d. **Stock-lending** – the possibility of default and loss of economic rights to Fund assets.

The PIC monitors and manages risks in these areas through a process of regular scrutiny of its providers, or has delegated such monitoring and management of risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds). The PIC has the power to replace a provider should serious concerns exist.

- 7.7. The Pension Fund Statement of Accounts sets out additional financial risk management in place for the Fund and provides some sensitivity analysis of market price risk and currency risk, and the potential impact on the Fund's market value.
- 7.8. The Fund also gains assurance from the work of internal audit, which undertakes a periodic audit to provide an opinion on the effectiveness of controls in place and to make recommendations to management on how to improve those controls. The findings of the 2020/21 internal audit were reported to the Pension Investment Committee in March 2022. The Fund achieving a limited assurance level and the recommendations from the audit included the need to regularly review accuracy of payments to pensioners along with the contribution rates of both the scheme members and employers to ensure no under/over payments. Reconciliation reviews and actions to resolve any variances have been undertaken to ensure that the procedure notes for calculating member pension benefits are kept up to date and regularly reviewed.
- 7.9. Internal Audit did not carry out an inspection in 2024/25 but will be reviewing the practices and procedures in 2025/26.

C. FINANCIAL PERFORMANCE

7.10. The administration expenses and investment expenses are set out below:

	2024/25 Actuals	2023/24 Actuals	Year on Year Variance	
	£'000	£'000	£'000	%
Administration Expenses	1,387	1,111	276	24.8%
Oversight and Governance Expenses	574	446	128	28.7%
	1,961	1,557	404	25.9%
Investment Management Expenses:				
Transaction Costs	395	505	(110)	-21.8%
Management Fees	1,452	1,392	60	0.1%
Custody Fees	62	60	2	0.0%
	1,909	1,957	(48)	-0.2%
Total Expenses	3,870	3,514	356	10.1%

- 7.11. Administration expenses consist of all expenses the administering authority must incur in performing its duties to administer entitlements and provide benefit information. This includes staff costs, IT costs, general costs such as stationery and postage, membership fees, and costs associated with the provision of additional voluntary contributions. The increase in administration costs in 2024/25 was the result of the general increase in staff costs but it also includes additional profession fees in connection with an increase in fund manager engagement meetings.
- 7.12. Oversight and governance expenses can include the cost of selection, appointment and performance monitoring of fund managers, investment advisory services, legal and actuarial services, and audit fees.
- 7.13. The investment management fees are paid to fund manager who manage the individual investment. The investment management fees are inline with previous years costs.

8. INVESTMENT STRATEGY AND PERFORMANCE

A. INVESTMENT STRATEGY

- 8.1. The Council's Investment Strategy Statement (ISS) was reviewed and updated in June 2023 and it sets out its approach to funding its liabilities in the Funding Strategy Statement (FSS). The FSS sets out the strategy for prudently meeting the Fund's future pension liabilities over the longer term. The ISS sets out the Fund's policies in respect of asset allocation, rebalancing, and the approach to risk including environmental, social and governance considerations. The ISS and the FSS can be found at <http://www.lewishampensions.org/>
- 8.2. The administration of the investment side of the Fund is managed internally by officers within the Council's Strategic Finance team. The Fund's custodian is the main depositary for investment assets and provides performance reporting and accounting support for all

transactional activity in relation to the Fund's investments which is used to update the Fund's ledger and compile the annual accounts. The Fund also maintains its own bank account for day-to-day cash flow requirements.

B. UK STEWARDSHIP CODE

- 8.3. The Financial Reporting Council revised the UK Stewardship Code in 2020 and the code sets the expectations for investor's stewardship policy and practice.
- 8.4. The Code defines stewardship as the "responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society", and consists of twelve Principles for asset managers and owners, and six for service providers, to which signatories to the Code are expected to evidence compliance through the publication of an annual Stewardship Report. Managers, owners and service providers are tiered based on the quality of their Code statements, distinguishing between those who report well and demonstrate their commitment to stewardship, and those where reporting improvements are required.
- 8.5. Although not currently a direct signatory to the new Code, the Fund will consider its impact and align its expectations of asset managers and service providers accordingly. The Fund will use the revised Code as a basis for reviewing and strengthening its approach to responsible investment, and fully endorses the principles embedded within the Code. It expects its external fund managers to be signatories to the 2020 Code. The Pensions Committee believes that investor stewardship is a key component of the CIPFA Good Governance Framework and is committed to exercising this responsibility.
- 8.6. The twelve principles of the UK Stewardship Code 2020 are set out below with brief examples of how the Fund works to meet each one in line with the expectations set out in the Code, although this does not constitute a statement of compliance and is by no means exhaustive.

Category	Code Principle	Examples of Compliance
Purpose and Governance	- Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. - Signatories' governance, resources and incentives support stewardship. - Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.	PIC Members have contributed to a Statement of Investment beliefs that when considered with the Funding Strategy Statement translate Fund objectives into a well-defined Investment Strategy. Taken in conjunction with PIC's Climate Objectives, the Fund seeks to make ESG focussed investments to achieve the overriding purpose of preserving the resources necessary to secure the long-term payment of members' benefits. The Fund's Pension Board assists the Council, as administering authority, to monitor adherence to legislation and best practice relating to the administration and governance of the Fund. PIC members declare any conflicts of interest before meetings begin. This is recorded in the minutes and published on the Council website. A decision is made by the Chair on the necessary

Category	Code Principle	Examples of Compliance
	4. Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system. 5. Signatories review their policies, assure their processes and assess the effectiveness of their activities.	steps to be taken to ensure the interests of the Fund and its beneficiaries are put first. The Fund's stewardship responsibilities are set out in the ISS, including its approach to systemic risks which includes maintaining a diversified portfolio to reduce the impact of any market or business group failure. The fund is audited, both externally and internally. The Pension Board in April 2019 commissioned an external review to measure the Fund's compliance to the Pension Regulator's Code of Practice and the Local Government Pension Scheme Advisory Board's guidance.
Investment Approach	6. Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them. 7. Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities. 8. Signatories monitor and hold to account managers and/or service providers.	The Fund publishes its Statement of Accounts and Annual Report every year which details the breakdown of the Fund and its investments, the membership of the Fund and how officers deal with member queries, and how decisions are taken to meet the Fund's liabilities and continue to pay member benefits. The FSS and ISS set out in greater detail the stewardship of the Fund, the former being consulted on with Fund employers prior to publication. The Fund has integrated stewardship and ESG factors into its new Investment Strategy, which has seen the Fund transition its equity holdings into low carbon ESG passive equities and pursue investments in other low carbon assets including renewable energy infrastructure, to continue to provide benefits for its members whilst addressing wider ESG issues such as climate change and decarbonisation. The Fund's custodian produces monthly performance reports, whilst the Fund's advisor prepares quarterly performance reports which are reported at PIC. Fund managers also prepare monthly and quarterly reports for officers' attention, and attend PIC at least annually to update Members on fund performance.
Engagement, Exercising Rights and Responsibilities	9. Signatories engage with issuers to maintain or enhance the value of assets. 10. Signatories, where necessary, participate in collaborative	The Fund has established a set of Investment Consultant Objectives which includes objectives on strategic advice, effective implementation and research, all of which require the Fund's advisers to use its more extensive resources and engage with asset managers and other stakeholders on the Fund's behalf.

Category	Code Principle	Examples of Compliance
	engagement to influence issuers.	Officers regularly engage with asset managers on all issues of asset administration and performance. The Fund participates in collective engagement and is actively committed to the LCIV for the pooling of its assets into centrally managed Funds, whilst liaising and working with other shareholders of the LCIV to achieve shared objectives, outside of the larger pool if necessary but always in the spirit of collaboration to achieve shared goals. PIC has delegated the exercise of voting rights to its investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value.
	11. Signatories, where necessary, escalate stewardship activities to influence issuers.	
	12. Signatories actively exercise their rights and responsibilities.	

- 8.7. The Fund is also a member/subscriber of the following bodies:
- Pensions and Lifetime Savings Association (PLSA);
 - Local Authority Pension Fund Forum (LAPFF);
 - Local Government Pension Committee (LGPC).

C. APPLICATION OF CIPFA PRINCIPLES FOR INVESTMENT DECISION MAKING

- 8.8. The Fund is required to demonstrate compliance with CIPFA's Principles for Investment Decision Making and Disclosure, which reflect principles of good investment practice issued by government in response to the Myners review. Actions taken to comply with the principles are set out in the Investment Strategy Statement.
- 8.9. The Pension Fund has a paramount fiduciary duty to obtain the best possible financial return on Fund investments without exposing assets to unnecessary risk. Following good practice in terms of social, environmental and ethical issues is likely to have a favourable effect on the long-term financial performance and improve investment returns to shareholders.

D. INVESTMENT PERFORMANCE

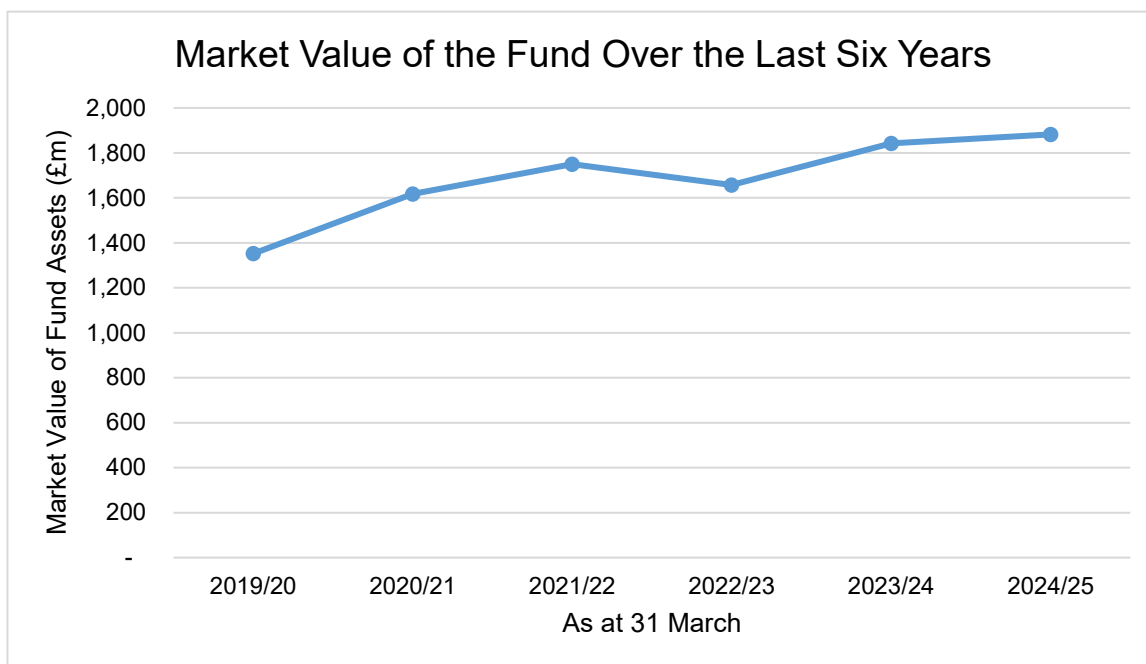
- 8.10. The overriding investment objective is to ensure that the Fund's investments increase the likelihood that benefits will be paid to members as they fall due, by maximising investment returns over the long term within acceptable risk tolerances. It is in the interest of both scheme members and the public that the Fund is well managed and continues to provide high returns and excellent value for money.
- 8.11. The investment strategy has previously allocated a significant proportion of the Fund for investment into growth assets. After the 2016 valuation, the strategy was adapted to seek a more diversified portfolio and reduce the heavy exposure to the volatility of equities by investing in income assets such as infrastructure and private debt. As at 31 March 2024 approximately 60% of the Fund was invested in growth assets, 25% in income assets and 15% in protection assets including passive bonds and cash.

- 8.12. The Fund's asset allocation as at 31 March 2025 has nine active managers with six mandates, as below.

D1. STRATEGIC ASSET ALLOCATION AT 31 MARCH 2025:

Fund	2024/25			2023/24
	Asset Value £'000	Target Allocation %	Actual Allocation %	Actual Allocation %
Growth				
Equity Unit Trust	986,275	50.0	46.9%	61.6%
Income				
Property	168,466	10.0	8.9	9.5
Infrastructure	142,047	10.0	7.5	6.9
Private Equity/Debt	132,362	6.0	7.0	6.2
Natural Capital	20,446	5.0	1.1	
Protection				
Fixed Income Unit Trust	351,843	19.0	18.6	13.4
Total Investments	1,801,439	100	100	100
Cash and Net Current Assets	80,238			
Total	1,881,677			

- 8.13. The differing short term performances of asset classes and fund managers inevitably results in the actual asset allocations deviating from their strategic targets over time. Periodically the Fund undertakes a re-balancing exercise to return to the agreed strategic allocation, whilst separate re-balancing arrangements are in place within the passive mandates as outlined within the ISS.
- 8.14. The graph below depicts the changing value of the Fund's assets as at 31 March over the last six years. The Fund has steadily increased in value over the period, from £1,352bn at 31 March 2019 to a high of £1,882bn at 31 March 2025. The Fund increased by approximately £40m in 2024/25.



- 8.15. The annualised return of the Fund's investments over the last 12 months was 3.2%, which was 0.8% less than the benchmark return (a composite of the benchmarks employed by each mandate). Over the last five years, the Fund's absolute return on its investments is 7.3%, which is approximately 0.2% above the benchmark return of 7.1% as depicted in the below table.

D2. AGGREGATE FUND – COMPARATIVE PERFORMANCE:

As at 31 March 2025	One Year %	Three Year %	Since Inception %
Fund Performance	3.2	3.4	7.3
Benchmark	4.0	3.8	7.1
Relative performance	-0.8	0.4	0.2

8.16. Individual fund manager performance is assessed against customised benchmarks. The performance of each manager against their composite benchmark over a one year period, three year period and their inception is as set out in the table below.

D3. INDIVIDUAL MANAGER PERFORMANCE:

		Blackrock	Schroders	J.P. Morgan	LCIV	HarbourVest	Partners Group	Pemberton	LGIM	Storebrand Global Mkt	Storebrand Emerging Mkt	LCIV (Renewable Infrastructure, Nature Based Solutions and Private Debt)
		(Fixed Income Unit Trust)	(Property)	(Infrastructure)	(Passive Equity)	(Private Equity)	(Venture Capital)	(Venture Capital)	(Property)	(Equity Unit Trust)	(Equity Unit Trust)	
		%	%	%	%	%	%	%	%	%	%	%
1 year	Absolute	(16.1)	4.1	4.2	6.0	4.8	17.3	8.1	0.3	3.0	6.9	N/a
	Benchmark	(16.2)	6.4	7.0	5.6	5.9	10.1	11.1	7.0	4.8	5.8	N/a
	Relative	0.1	(2.2)	(2.6)	0.6	(1.1)	7.2	(3.0)	(6.7)	(1.8)	1.1	N/a
3 years	Absolute	(32.2)	2.9	8.0	9.6	1.8	9.7	7.1	0.4	N/A	N/A	N/a
	Benchmark	(32.3)	3.3	7.0	9.3	9.6	9.2	10.3	7.0	N/A	N/A	N/a
	Relative	0.1	(0.4)	1.0	0.3	(7.8)	0.5	(3.2)	(6.6)	N/A	N/A	N/a
Since Inception*	Absolute	(31.8)	4.2	6.4	6.4	10.8	6.3	6.2	(0.9)	10.0	3.5	N/a
	Benchmark	(31.9)	4.9	7.0	6.0	10.3	6.6	8.6	7.0	11.5	2.3	N/a
	Relative	0.1	(0.6)	(0.6)	0.6	0.5	(0.3)	(2.4)	(7.9)	(1.5)	1.2	N/a

*Blackrock Nov 2012; LCIV Private Debt Jul 2022 & 2024; Schroders Oct 2004; J.P. Morgan Jan 2019; LCIV Passive Equity Dec 2021; HarbourVest Dec 2006; Partners Group Apr 2018; Pemberton Jan 2018; LGIM Mar 2022; Storebrand Global May 2022; Storebrand Emerging Aug 2022; LCIV Renewable Oct 2021. LCIV Nature Based Solutions Feb 2025.

8.17. The table above shows that there has been a varied performance over time. It is to be noted that Blackrock and LCIV PEPPA are all passive funds which track their composite benchmarks instead of actively trying to outperform them, and accounts for approximately 56% of the Fund. No other managers, apart from Storebrand, accounts for more than 5% of the Fund, in line with their target allocations. Pemberton was a new fund in 2017/18, Partners Group and J.P. Morgan were new funds in 2018/19, LCIV PEPPA and LGIM were new funds in 2021/22 and Storebrand was a new fund in 2022/23, LCIV Private Debt was a new fund in 2023 and Nature Based Solutions was a new fund in 2025, hence the lack of historical performance data. The PIC continues to monitor the performance of all fund managers on a quarterly basis via the reports it receives from the Fund's advisors.

8.18. A description of the benchmark for each fund manager is set out below.

Manager	Mandate	Benchmark / Performance Target
BlackRock	Fixed Income Unit Trust	iBoxx Sterling Non-Gilts Index; FTSE Actuaries UK Conventional Gilts over 5 or 15;
Schroders	Property	MSCI Pooled Property Fund Index
J.P. Morgan	Infrastructure	Hurdle rate of 7% p.a. The fund targets a return of 8-12% per annum net of fees.
LCIV	Equity Unit trust	The objective of the Fund is to track the performance of the S&P Developed Ex-Korea Large Mid-Cap Net-Zero 2050 Paris-Aligned ESG Index
LCIV	Renewable Infrastructure	Hurdle rate of 7% p.a.
HarbourVest	Private Equity	To outperform the Morgan Stanley Capital International (MSCI) World Index by 5% over a five year rolling period, net of fees.
Partners Group	Venture Capital	The fund targets a return of SONIA +4-6% net of fees, with a 5% cash yield
Pemberton	Venture Capital	Venture Capital The fund targets a return of SONIA +4-6% net of fees
LGIM	Property	UK Build To Rent Fund. Total return of 7-9% p.a. (net of fees)
Storebrand	Equity Unit Trust	MSCI AC World Development Index and MSCI EM Index
LCIV	Private Debt	6-8% net IRR
LCIV	Nature Based Solutions	6-8% net IRR with a target yield of 2 per cent per annum

8.19. The value of assets under management (AUM) by asset class and fund manager is shown in the Pension Fund Accounts in Appendix A and in the following table.

8.20. Investment details are shown in the table below:

Company Name	# Shares	Value GBP as at 31/03/2025	Fund Manager
AMX UCITS CCF - STOREBRAND-GLOBAL ESG PLUS UK PENSION SCHEME B GBP UNITS	1,256,571.97	138,097,259.39	Storebrand
AMX UCITS CCF - STREBRND-EMRGN MKT ESG PLS UK PENSION SCHEME GBP A UNITS AMUCSG UAKG	759,348.33	80,065,079.91	Storebrand
LCIV Passive Equity Progressive Paris-Aligned	527,937,317.09	667,840,706.12	London CIV
LCIV Private Debt Fund	557,472.63	68,404,344.58	London CIV
LCIV Renewable Infrastructure	516,913.47	64,782,746.73	London CIV
LCIV Private Debt Fund II	291,521.65	29,152,165.00	London CIV
LCIV Nature Based Solutions Fund	204,458.10	20,445,809.86	London CIV
AQ LIFE OVR 15Y UK GILT IDX S1	15,932,006.69	117,227,705.25	BlackRock
AQUILA LIFE OVR 5YR UK IDX LKD S1	15,146,628.63	117,027,396.85	BlackRock

ISHR UK CRDT BD IDX(IE) FLX GBP AC	3,809,883.36	117,588,240.02	BlackRock
BLACKROCK UK PROPERTY FUND	226,963.00	8,865,242.87	Schroders
CORA FEEDER UNIT TRUST	42.92	4,659,817.25	Schroders
FEDERATED HERMES PROPERTY UT PROP	1,154,455.00	7,008,696.31	Schroders
FUTURE WORKPLACE PROPERTY UNIT TRUST	7,820.76	5,607,018.54	Schroders
INDUSTRIAL PROP INVESTMENT FUND	12,054.75	20,590,743.39	Schroders
LOCAL RETAIL FUND	6,317.15	6,234,963.88	Schroders
MAYFAIR CAPITAL PROPERTY UNIT TRUST	6,935.70	7,802,659.13	Schroders
METRO PROPERTY UNIT TRUST	22,277.97	7,197,343.77	Schroders
MULTI-LET INDUSTRIAL PROPERTY UNIT TRUST	7,587.36	12,068,450.04	Schroders
OCTOPUS HEALTHCARE FUND	2,292.30	2,991,822.18	Schroders
SCH CAP UK SELF STORAGE UNIT TST	35,000.00	3,500,000.00	Schroders
SCHRODER RECAP SSF UNIT TRUST	9,989,533.62	10,897,582.23	Schroders
SCHRODER UK REAL ESTATE FUND GBP I INCOME	224,092.1790	8,623,067.05	Schroders
SDR CAP UK OPERATING HOTELS TRUST	5,266,830.00	5,226,802.09	Schroders
SSHF UNIT TRUST	5,336,499.00	5,549,958.96	Schroders
UK RETAIL WAREHOUSE FUND	199.06	862,005.69	Schroders
UK RETIREMENT LIVING UNIT TRUST (ACTING BY ITS TRUSTEE LANGHAM HALL UK SERVICES LLP)	6,165,837.00	6,047,452.93	Schroders
UNITE UK STUDENT ACCOMMODATION	2,068,175.00	3,205,671.25	Schroders
Pemberton European Debt Investments Jersey II LP	28,611,003.00	30,054,204.94	Pemberton
Legal & General UK Build to Rent	3,543.39	41,526,675.00	Legal & General
Partners Group Private Markets Credit Strategies 2 S.A. Compartment Multi Asset Credit 2017 (IV)	3,335,227.51	4,751,443.16	Partners Group
Infrastructure Investments Fund	95,164,282.26	77,264,153.37	JP Morgan
HARBOURVEST GL PE ORD NPV	965,687.00	24,480,165.45	HarbourVest
HarbourVest VIII Cayman Buyout Fund	3,534,368.0	86,932.61	HarbourVest
HarbourVest VIII Cayman Venture Fund	3,912,581.00	2,508,914.79	HarbourVest
HarbourVest X AIF Combined	17,446,085.00	24,846,533.69	HarbourVest
HarbourVest XI Combined AIF	17,908,522.00	21,193,190.55	HarbourVest
HarbourVest IX AIF SCS	11,884,160.00	10,256,333.08	HarbourVest
HarbourVest VII AIF Partnership	14,857,824.00	16,899,861.35	HarbourVest
Total investments		1,801,439,159.26	
Cash and Debtor/creditors		80,237,843.71	
Total fund		1,881,677,002.97	

8.21. The Pension Fund's top equity and unit trust holdings are also shown in the Pension Fund Accounts in Appendix A, under Section 5 - Investment Analysis.

9. ASSET POOLING

A. FINANCIAL YEAR 2024/25

B. ASSET POOLING

- 9.1 The London Collective Investment Vehicle (LCIV) is the investment vehicle established for the pooling of London Local Authority (LLA) Pension Fund assets, created to deliver broader investment opportunities and more enhanced cost efficiencies than LLAs can achieve individually. It is authorised and regulated by the Financial Conduct Authority (FCA) as an Alternative Investment Fund Manager (AIFM) with permission to manage authorised and unauthorised Alternative Investment Funds (AIFs) via an Authorised Contractual Scheme (ACS) pooling structure and as an Exempt Unauthorised Unit Trust (EUUT).
- 9.2 Each LLA is a shareholder in the LCIV, and the Fund has £150,000 of non-voting redeemable shares as a subscriber to the pool. It and contributes to the financial operation of the vehicle via an annual service charge and Development Funding Charge (DFC). The annual service charge is akin to a membership fee, providing access to LCIV services. The DFC is designed to cover the cash flow imbalance between the LCIV's annual revenues and annual costs until LCIV generates sufficient management fee income to cover annual operating costs.
- 9.3 The London Borough of Lewisham is one of thirty-two shareholders in the London Collective Investment Vehicle (LCIV), one of eight pooling vehicles established as part of the reform of investment management in the LGPS which began in 2015 with the publication of criteria and guidance on pooling of LGPS assets to deliver significantly reduced costs while maintaining overall investment performance and achieving benefits of scale.
- 9.4 As at 31 March 2025, the London Borough of Lewisham Pension Fund had £851m invested in pooled investments. Further information on asset pooling is provided in section 10 of this report.
- 9.5 As at 31 March 2025 the Fund had the following investment in the UK:

Asset Values as at 31 March 2025	Pooled	Not pooled	Total
	£000	£000	£000
UK Listed Equity Unit Trust	667,840		667,840
UK Fixed Income		234,255	234,255
UK Property		126,939	126,939
UK Private Equity	182,785	76,332	259,117
Total	850,625	437,526	1,288,152

- 9.6 In 2024 the government issued a consultation 'LGPS: Fit for the Future' that sought views on its proposed new requirements on LGPS administering authorities, the overarching directive of which was to transfer significant responsibility away from individual administering authorities and funds and into the pools.
- 9.7 In January 2025 the Lewisham Pension Fund sent its response to the consultation to the government.

- 9.8 Alongside a response to the Fit for the Future consultation, the government asked all eight LGPS pools across England and Wales to submit a strategic plan detailing how they would take their proposals forward. This plan was submitted by London CIV to the government in February 2025.
- 9.9 In early April London CIV received a response from the government. In this response government is generally supportive of London CIV's proposal and the work undertaken between the LCIV and its LGPS funds, especially with regards to the combined efforts to improve collaboration within London and invest more in the UK.
- 9.10 The government issued its response to the consultation 'Pensions Investment Review Final Report 2025' on 29 May 2025. The report outlined a comprehensive set of recommended actions aimed at reforming the UK pensions system to improve outcomes for savers and boost investment in the UK economy. Whilst it does not provide clarity on all elements of change proposed under the initial consultation, there is some increased clarity in terms of government proposals for most of the specific questions asked.
- 9.11 The main features relating to the LGPS from the 'Pensions Investment Review Final Report 2025':

➤ **Local Government Pension Scheme (LGPS)**

The review focuses on:

- Tackling fragmentation and inefficiency in the LGPS.
- Unlocking investment potential through asset pooling and enhanced governance.
- Strengthening the LGPS's role in local and regional investment.

➤ **Minimum Standards for Asset Pooling**

Actions:

All Administering Authorities (AAs) must:

- Delegate investment implementation to their asset pool.
- Transfer all assets to the pool's management.
- Take principal investment advice from the pool.

Pools must:

- Be FCA-authorised investment management companies.
- Develop capabilities for due diligence and management of local investments.

➤ **Deadline: 31 March 2026**

➤ **Transition Proposals**

Action:

- Government supports 6 pool transition plans.
- The remaining 2 pools must find new partnerships.
- Government may direct AAs to join a specific pool if necessary.

➤ **Goal:** Move from 8 to 6 pools while maintaining local decision-making.

➤ **Local and Regional Investment**

AAs and pools must:

- Collaborate with local authorities, regional mayors, and strategic authorities.
- Set target ranges for local investment in their Investment Strategy Statements.
- Report annually on local investment impact (reporting duty lies with pools).

9.12 In order to enable the pool to invest at scale it is important that pools are not expected to create bespoke arrangements for each AA's ESG and RI requirements. This is in the interest of AAs, who should endeavour to work with their pool to reach a common approach and thereby maximise the benefits of scale. Government expects each pool will facilitate discussions among their partner AAs to establish a common approach.

9.13 However, the government recognises that this will not always be possible, for example where there are particularly divergent or conflicting stances between AAs in a pool. In these cases pools may need to consider alternative options such as offering more than one ESG standard. The appropriate solution may depend on the number of AAs in a pool and the degree of divergence between ESG and RI stances. The government does not intend to proscribe a single solution, but does not expect to see bespoke arrangements for each AA."

9.14 Members and officers continue to work with LCIV to develop mandates in line with the Fund's strategy.

B. AT TIME OF WRITING ANNUAL REPORT

9.15 In respect of asset pooling, it is noted that at the time of writing the annual report (September 2025) the Fund had increased its investment to £58m into the LCIV Renewable Infrastructure Fund of the commitment of £90m and an investment of £25m, of the commitment of £95m into the LCIV Private Debt II Fund and £52m of its commitment of £94m into the LCIV Nature Based Solutions Fund.

10. SCHEME ADMINISTRATION

A. SCHEME ADMINISTRATION / PENSIONS ADMINISTRATION AND ASSURANCE

10.1 As at 31 March 2025 there were 27,580 members of the Fund; a decrease of 191 members. 6,728 of the members were active, 11,856 deferred (undecided, deferred and frozen) and 8,996 retired. Besides the administering authority, the Fund also comprised 14 active scheduled bodies and 19 active admitted bodies.

- 10.2 There are 1,223 frozen members who not included in the total deferred members. This is because they do not have an entitlement to a deferred benefit. They have an entitlement to a refund and haven't yet claimed the refund.
- 10.3 Scheme member administration and pensioner administration is undertaken by a small in-house Pensions team which is also responsible for other areas of pension work including providing data to the LPFA, TPA and the NHS pension schemes. The team also carries out non-Pension Fund work such as providing estimates and calculating and paying redundancy and compensation payments. Further information about the administration of the scheme including forms and publications, information on complaints and disputes, and details on how members are kept informed, including relevant contact details, can be found on the Fund's website at www.lewishampensions.org. Internal audit reviews the scheme's administration periodically as described in sections 4.8 and 4.9 of this report.
- 10.4 Pension transactions are completed monthly as they fall due, the in-house team also work through queries and respond to members and bodies as appropriate. Membership is updated regularly to ensure it is accurate.
- 10.5 The number of key administrative activities carried out in 2024/25 and across the previous four years are shown in the table below.

A1. KEY ADMINISTRATIVE ACTIVITIES:

	2024/25	2023/24	2022/23	2021/22
New scheme members	1,125	1,517	1,054	279
Estimate of benefits	539	596	840	901
Responding to correspondence	7,947	3,718	3,380	1,143
Deferred benefits	89	141	131	296
Calculation of quotations and actuals relating to transfers into the Local Government Pension scheme	458	323	575	390
Retirements	475	440	425	381
Death cases (with dependants)	71	69	90	368
Calculation of quotations and actuals relating to transfers out of the Local Government Pension scheme	473	538	344	418
Additional contributions	30	33	29	23
Refunds of contributions	205	219	172	266
Overall Performance	11,412	7,594	7,040	4,465

- 10.6 The role of the pensions section in the administering authority during 2024/25 was carried out by 9.5 Full Time Equivalent (FTE) staff serving some 27,500 members. Relevant data and staffing ratios are as set out below, and indicate an increasing number of transactions over time being undertaken by the same number of FTE staff.

A2. KEY STAFF INDICATORS:

FTE Staff:	2024/25	2023/24	2022/23	2021/22	2020/21
Lewisham	11.5	10.7	8.5	7.5	7.5
Made up of:					
Work for other schemes	0	0	0	(0.5)	(0.5)
Other work	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)

Administration of LGPS	9.5	8.7	6.5	5.0	5.0
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Scheme Membership:	2024/25	2023/24	2022/23	2021/22	2020/21
Number of contributors	6,728	6,888	6,846	6,759	6,928
Number of deferred members	11,856	12,130	11,493	10,996	11,865
Number of pensioners	8,996	8,753	8,524	8,384	8,089
Total	27,580	27,771	26,863	26,139	26,882

Staff Performance:	2024/25	2023/24	2022/23	2021/22	2020/21
Ratio of members to 1 FTE staff	2,903	3,192	4,133	5,228	5,376
Transactions per member of staff	1,201	873	1,083	893	1,000

10.7 The age profile of the membership calculated as at 31 March 2025 is show in the table below.

A3. AGE PROFILE OF MEMBERSHIP:

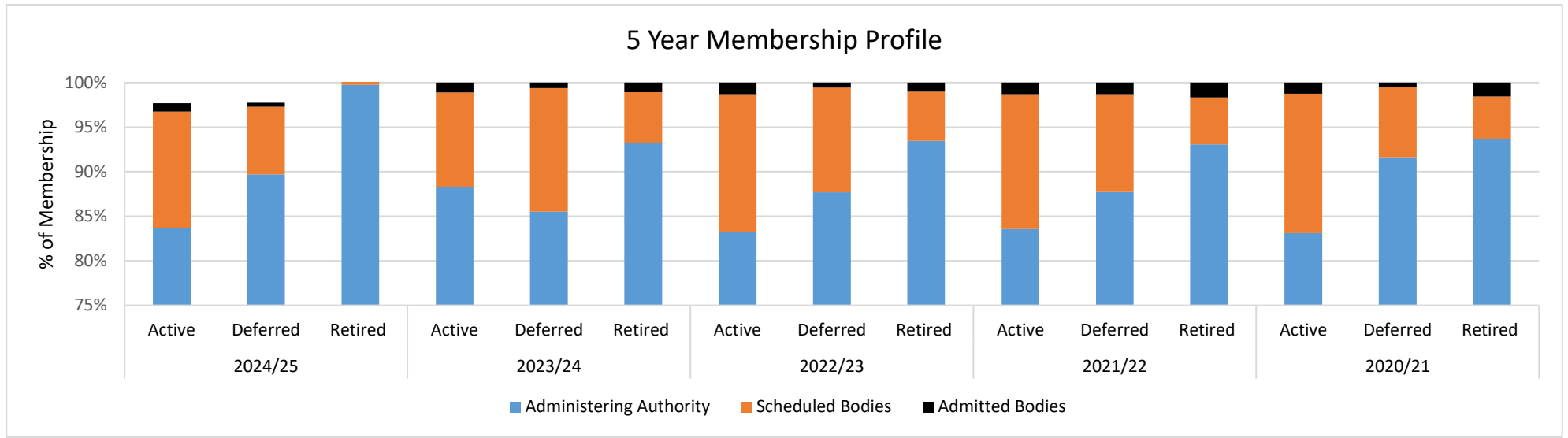
A	Contributing	Deferred	Pensioners/Dependents
0-4	0	0	3
5-9	0	0	3
10-14	0	0	11
15-19	29	0	24
20-24	160	5	6
25-29	454	78	1
30-34	543	306	3
35-39	678	613	4
40-44	758	852	5
45-49	837	915	16
50-54	860	1143	29
55-59	1088	1643	306
60-64	937	1205	1312
65-69	326	314	2079
70-74	58	87	1814
75-79	0	21	1483
80-84	0	6	939
85-89	0	0	627
90-94	0	0	256
95-99	0	0	69
100-104	0	0	6
Total	6728	7188	8996

*Does not include undecided leavers or frozen accounts shown in the deferred membership numbers above.

10.8 A five year analysis of the Fund's membership (active, deferred, and retired) is shown in the next graph and table. The table also provides the unit costs per active, deferred and retired member in terms of both administrative and investment management expenses.

Administrative expenses in this context include oversight and governance expenses as outlined in section 4.11, whilst management expenses relate to fund manager fees, transaction costs and custody fees.

A4. 5 YEAR MEMBERSHIP PROFILE:



A5. FIVE YEAR ANALYSIS: MEMBERSHIP AND ADMINISTRATIVE UNIT COSTS:

	2024/25			2023/24			2022/23			2021/22			2020/21		
Membership	Active	Deferred	Retired	Active	Deferred	Retired	Active	Deferred	Retired	Active	Deferred	Retired	Active	Deferred	Retired
Administering Authority	5,762	10,880	8,730	6,079	10,371	8,162	5,696	10,079	7,968	5,648	9,645	7,804	5,757	10,873	7,575
Scheduled Bodies	903	921	201	734	1,685	497	1,061	1,351	469	1,023	1,208	441	1,085	928	389
Admitted Bodies	63	55	65	75	74	94	89	63	87	88	143	139	86	64	125
Total	6,728	11,856	8,996	6,888	12,130	8,753	6,846	11,493	8,524	6,759	10,996	8,384	6,928	11,865	8,089

Unit Costs	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Administrative Unit Cost (£)	204	33	22	158	26	18	142	24	16	164	29	19	121	20	15
Investment Management Unit Cost (£)	199	32	21	199	32	22	279	48	32	237	42	27	241	40	29
Total Unit Cost (£)	403	65	43	357	58	40	421	72	48	401	70	46	362	60	44

- 10.9 A list of contributing employers and the amounts contributed by the employers in 2024/25 is shown below:

A6. EMPLOYER CONTRIBUTIONS:

Employer	Contributions Paid £'000	Comments
Administering Authority		
Lewisham Council	38,495	
Scheduled Bodies		
Haberdashers' Aske's Knights Academy	1,611	
Christ The King Sixth Form College	495	
St Matthew's Academy	229	
Tidemill Academy	185	
Prendergast Leathersllers Federation	756	
Sedgehill Academy	182	
Childeric	212	
St George's	83	
St Benedicts - Bonus Pastor	169	Joined 01/04/2024
St Benedicts - OLSPN	63	Joined 01/04/2024
Conisborough Academy	179	Joined 01/04/2024
St James	30	Joined 01/09/2024
St Michael	31	Joined 01/09/2024
St Stephens	38	Joined 01/09/2024
Admitted Bodies		
Youth First Ltd	83	Ceased 31/03/2025. TUPE to Lewisham from 01/04/2025.
Phoenix	208	
KGB Cleaning	18	
CGL	12	
Lewisham Music	0	
Change Grow Live	7	
NSL	0	
Choice Support	7	Joined 01/04/2024
Housing 21	6	
Pre-School Learning Alliance	0	Ceased 30/09/2024. TUPE to Lewisham
Tower Services	3	
Atlas (City West Services)	1	Admission Agreement signed 07/11/2024. Commencement date 01/03/2024. Taken over from City West
Harrison Catering Hatcham	7	Ceased 31/07/2024
Harrison Catering Knights	4	Ceased 31/07/2024
M Group	26	
Greenwich Leisure Ltd (GLL)	4	
CK Bless	2	
Kier	3	
Olive Dining Catering	15	

RCCN Ltd Hatcham	13	Ceased 26/05/2024
RCCN Ltd Knights	5	Ceased 26/05/2024
Aurora Nexus	12	Admission Agreement signed 03/07/2024. Commencement date 11/07/2022
Super Kids	1	

10.10 The Statement of Accounts summarises the contributions received from Scheme member and employers by type of body; the total contributions received per establishment are shown in the table further below.

10.11 The Fund has a number of bodies which participate in the Fund either as scheduled or admitted bodies. Scheduled bodies are organisations which have a statutory entitlement to be members of the scheme. Admitted bodies are those which have applied to join the scheme and the Council has formally approved their admission.

A7. TOTAL CONTRIBUTIONS RECEIVED FROM SCHEME MEMBERS AND EMPLOYERS:

Employer	Total Contributions Received £'000	% Returns Received by Due Date
Administering Authority		
Lewisham Council	50,026	100%
Scheduled Bodies		
Haberdashers' Aske's Knights Academy	2,123	100%
Christ The King Sixth Form College	643	75%
St Matthew's Academy	310	100%
Tidemill Academy	236	100%
Prendergast Leathersllers Federation	1,022	100%
Sedgehill Academy	216	100%
Childeric	262	100%
St George's	104	100%
St Benedicts - Bonus Pastor	256	83%
St Benedicts - OLSPN	91	83%
Conisborough Academy	250	100%
St James	43	100%
St Michael	44	100%
St Stephens	53	100%
Admitted Bodies		
Youth First Ltd	106	100%
Phoenix	305	8%
KGB Cleaning	22	100%
CGL	15	100%
Lewisham Music	1	83%
Change Grow Live	10	100%
NSL	1	100%
Choice Support	10	92%

Housing 21	8	100%
Pre-School Learning Alliance	1	100%
Tower Services	3	100%
Greenwich Leisure Ltd	5	100%
Harrison Catering Hatcham	8	100%
Harrison Catering Knights	4	100%
M Group	34	92%
CK Bless	3	42%
Kier	3	100%
Olive Dining Catering	18	75%
Aurora Nexus	15	0%
RCCN Ltd Hatcham	17	0%
RCCN Ltd Knights	5	0%
Super Kids	1	50%

- 10.12 Although the LGPS is a national scheme, it is administered locally. Lewisham Council has a statutory responsibility to administer the pension benefits payable from the Pension Fund on behalf of the participating employers and the past and present members and their dependents. The following table outlines benefits payable in 2024/25.

Benefits Payable	Employer	Amount Payable
		£'000
Pensions	Administering Authority	52,040
	Scheduled Bodies	3,381
	Admitted Bodies	4,005
Lump Sums: Retirement Allowances	Administering Authority	9,360
	Scheduled Bodies	347
	Admitted Bodies	1,190
Lump Sums: Death Grant	Administering Authority	983
	Scheduled Bodies	5
	Admitted Bodies	98

B. INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP)

- 10.13 The Local Government Pensions Scheme Regulations 2013 set out a two-stage 'Internal Dispute Resolution Procedure' (IDRP). The Fund's internal dispute resolution procedure is shown below:
- 10.14 Stage one: the member's complaint is referred to the Acting Executive Director of Corporate Resources, who is nominated by the London Borough of Lewisham to act as an independent adjudicator. Any decision made must be given in writing.
- 10.15 If the member is dissatisfied with the stage one decision, they can take the matter to stage two of the IDRP.

- 10.16 Stage two: the stage one decision is reviewed by the Director of Law and Corporate Governance who is nominated by the London Borough of Lewisham to act as an independent referee.
- 10.17 There are time limits associated with each stage of the procedure, both for the applicant and the adjudicator. Appeals must normally be made within six months of the date of the decision that is being challenged and the adjudicator must normally give written notice of their decision within two months of the receipt of the appeal.
- 10.18 At any stage of the process, or before the process begins, the member can seek help and advice from The Pensions Advisory Service (TPAS). The Pensions Advisory Service is an independent non-profit organisation that provides free information and guidance to members of the public on pension matters generally. They can also help to resolve disputes and complaints about private pension arrangements (workplace pensions, personal pensions and stakeholder pensions).
- 10.19 The member has the right to refer the complaint to The Pensions Ombudsman (TPO) free of charge. Before the complaint is put to the TPO the member should first have tried to resolve the complaint through the IDRP and consulted with TPAS. The TPO is completely independent and acts as an impartial adjudicator. Its role and powers have been decided by Parliament. The TPO cannot investigate matters where legal proceedings have already started but, subject to that, he can settle disputes about matters of fact or law as they affect occupational pension schemes.
- 10.20 Lewisham Pension Fund had one IDRP case in 2024/25, this represents 0.0002% of complaints against caseload in the financial year.

11 ACTUARIAL REPORT ON FUND

- 11.1 The Regulations require that every three years all Local Government Pension Schemes be subject to actuarial review. The actuarial review sets assumptions about the level of investment returns, life expectancy and other relevant factors to determine the assets and liabilities of the Fund and the corresponding funding level.
- 11.2 The last revaluation was undertaken as at 31 March 2022, and the final valuation report is available on the Lewisham Pensions website at www.lewishampensions.org. The actuarial review assessed the Fund as being 97% funded; this represents an increase of 7% in the funding level since the last valuation in 2019, from 90% funded.
- 11.3 The 2022 valuation resulted in the actuary assessing Lewisham's employers' contribution rate to provide for future pensions entitlements to be a minimum of 17.6% for financial years 2022/23 through to 2024/25, plus a lump sum component increasing year on year. The equivalent rate remains unchanged from the previous valuation at 22.5%.
- 11.4 Lewisham, as the administering authority for the Fund, set an employer contribution rate of 22.0% for 2024/25, which will be reviewed each year.
- 11.5 The next triennial valuation will take place as at March 2025 but the final results are not expected before December 2025.

12 FUNDING STRATEGY STATEMENT

- 12.1 The Fund has a Funding Strategy Statement (FSS) which details the Fund's approach to funding its liabilities. The FSS is reviewed in detail at least every three years in line with the triennial valuation, and was last updated in June 2023 and it can be found on the Fund's website at the following link: www.lewishampensions.org/resources The Funding Strategy is updated after each Triennial Valuation so the new funding strategy it will be effective from April 2023.
- 12.2 The FSS is developed by the Council in conjunction with the Fund's actuary, Hymans Robertson, and after consultation with employers. The FSS sets out any changes in the Fund's liabilities and obligations to pay pensions in the coming years, and how those liabilities are funded by investments and contributions. The FSS has links to the Investment Strategy Statement.
- 12.3 The purpose of the FSS is to:
- Establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
 - Support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
 - Take a prudent longer-term view of funding those liabilities.
- 12.4 The statement sets out how the administering authority has balanced the conflicting aims of affordability of contributions, transparency of processes, stability of employers' contributions, and prudence in the funding basis.
- 12.5 The administering authority normally targets the recovery of any deficit over a period not exceeding 20 years. The funding basis adopts an asset outperformance assumption of 2.0% per annum over and above long-term government bond yields at the time of the 2022 valuation.
- 12.6 The Fund has an active risk management programme in place. The measures that the administering authority has in place to mitigate key risks are summarised in the FSS under the following headings:
- Financial;
 - Demographic
 - Regulatory; and
 - Governance
- 12.7 The 2022 valuation specified the minimum employer contributions, expressed as a percentage of pensionable pay and shown in the Rates and Adjustment certificate, as follows:

Employer/Pool Name	Total Contribution Rate (%/£)		
	2023/24	2024/25	2025/26
LB Lewisham	17.6% plus up to £5.750m	17.6% plus up to £5.750m	17.6% plus up to £5.750m
Haberdashers' Aske's Knights Academy	20.1%	19.8%	19.8%

Employer/Pool Name	Total Contribution Rate (%/£)		
	2023/24	2024/25	2025/26
Christ The King Sixth Form College	21.4%	21.4%	21.4%
Lewisham Homes	19.0%	19.0%	19.0%
St Matthew's Academy	17.6%	17.6%	17.6%
Tidemill Academy	22.0%	22.0%	22.0%
Childeric	24.6%	25.6%	26.4%
St George's	23.7%	23.7%	23.7%
Sedgehill Academy	33.4%	33.4%	33.4%
NSL	0.0%	0.0%	0.0%
Phoenix	16.2%	15.9%	15.5%
3 C's Support	0.0%	0.0%	0.0%
Pre-School Learning Alliance	0.0%	0.0%	0.0%
Change Grow Live Ltd (2014)	18.0%	18.0%	18.0%
Inspace (Phoenix 2 formerly Wilmott)	16.2%	15.9%	15.5%
Lewisham Music	0.0%	0.0%	0.0%
City West	33.7%	32.7%	31.7%
Change Grow Live Ltd (2017)	31.2%	30.2%	29.2%
Greenwich Leisure Limited	29.2%	28.8%	28.8%
Kier Housing	29.8%	29.8%	29.8%
M Group	25.6%	25.6%	25.6%
KGB Cleaning South West Ltd	25.0%	25.0%	25.0%
Youth First	23.2%	23.2%	23.2%
Harrison Catering Knights	30.4%	30.4%	30.4%
Harrison Catering Crayford	30.4%	30.4%	30.4%
Harrison Catering Hatchams	30.4%	30.4%	30.4%

13 INVESTMENT STRATEGY STATEMENT

13.1 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require that administering authorities prepare, maintain and publish an Investment Strategy Statement (ISS) which must be in accordance with guidance issued by the Secretary of State. The Statement must include the following:

- A requirement to invest money in a wide variety of investments;
- The authority's assessment of the suitability of particular investments and types of investments;
- The authority's approach to risk, including the ways in which risks are to be measured and managed;
- The authority's approach to pooling investments, including the use of collective investment vehicles and shared services;
- The authority's policy on how social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments; and
- The authority's policy on the exercise of rights (including voting rights) attaching to investment.

13.2 The latest ISS for the Fund as at June 2023, which as well as the considerations above includes the Fund asset allocation, rebalancing policy, and compliance with CIPFA's Principles for Investment Decision Making. At the time of writing the annual report, our advisors have confirmed that the ISS will be updated to reflect the triennial valuation due in 2022 and the new strategy will be adopted by the Fund once it has been approved. Once complete, it will be available on the Fund's website at the following link:

www.lewishampensions.org/resources

14 COMMUNICATIONS POLICY STATEMENT

14.1 Pension Funds are required to prepare, maintain and publish a written statement of their policy concerning communication with members, representatives of members and employing authorities. Lewisham's most recently published Communications Statement is available on the Fund's website at the following link: www.lewishampensions.org/resources

14.2 The statement has been prepared to meet the provisions of Regulation 61 of The Local Government Pension Scheme Regulations (2013), as well as the Public Service Pensions Act (2013) and the Pensions Regulator's Code of Practice No.14, in particular by setting out the following:

- How scheme information is provided to members, their representatives, prospective members, employers (including admitted and scheduled bodies), the Pension Investment Committee, the Pension Board and to other bodies.
- In what format it is presented, how frequently it is presented, and the method of distributing information, and;
- The steps the Fund has taken to promote scheme membership to prospective members and their employers.

15 ADDITIONAL DATA

15.1 To assist in the production of the scheme annual report compiled by the LGPS Scheme Advisory Board, Funds are required to include the following:

15.2 A summary of the number of employers in the Fund analysed by scheduled bodies and admitted bodies which are active (with active members) and ceased (no active members).

	Active	Ceased
Scheduled Bodies	14	1
Admitted Bodies	19	51
Total	33	52

15.3 An analysis of Fund assets as at the reporting date, analysed as follows:

Asset Class	UK £m	Non-UK £m	Total £m
Equity Unit Trust	667	242	909
Fixed Income Unit Trust	234	118	352
Property	127	0	127
Private Equity	259	76	335
Multi-Asset Credit	0	77	77
Cash	76	6	82
Net Current Assets	0	-1	-1
Total	1,363	518	1,881

15.4 An analysis of investment income accrued during the reporting year, analysed as follows:

Asset Class	UK £000	Non-UK £000	Total £000
Equity Unit Trust	1	364	365
Fixed Income Unit Trusts	0	(20)	(20)
Property	4,249	0	4,249
Private Equity	300	11,698	11,998
Multi-Asset Credit	4,357	482	4,839
Cash	1,525	588	2,113
Total	10,432	13,112	23,544

16 INDEPENDENT AUDITOR'S CONSISTENCY REPORT

Independent auditor's statement to the members of London Borough of Lewisham on the Pension Fund financial statements of London Borough of Lewisham Pension Fund included within the Pension Fund Annual Report.

Opinion

We have examined the Pension Fund Financial Statements of The London Borough of Lewisham Pension Fund ("the Pension Fund") for the year ended 31 March 2025 included in the Pension Fund Annual Report, which comprise the Fund Account, the Net Assets Statement and the related notes to the Pension Fund financial statements, including the summary of significant accounting policies.

In our opinion, the Pension Fund Financial Statements included in the Pension Fund Annual Report are consistent, in all material respects, with the Pension Fund financial statements included in the annual statement of accounts of the London Borough of Lewisham ("the Authority") for the year ended 31 March 2024 that were approved on XXXXXXXXXX.

Executive Director for Corporate Resources and Audit and Risk Committee's responsibilities

As explained more fully in the Statement of the Executive Director for Corporate Resources and Audit and Risk Committee's Responsibilities, the Executive Director for Corporate Resources and Audit and Risk Committee is responsible for the preparation of the Pension Fund Financial Statements in accordance with applicable Page 44 of 46 law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Auditor's responsibilities

Our responsibility is to report to you our opinion on the consistency of the Pension Fund Financial Statements included in the Pension Fund Annual Report with the Pension Fund financial statements included in the annual statement of accounts of the Authority.

In addition, we read the other information contained in the Pension Fund Annual Report and, if we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office in November 2024.

We have not considered the effects of any events between the date we signed our audit report on the annual statement of accounts of the Authority on XXXXX and the date of this report.

Our audit report on the Authority's annual published statement of accounts that we issued on XXXXX describes the basis of our opinion on those financial statements.

The purpose of our work and to whom we owe our responsibilities

This auditor's statement is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the members of the Authority, as a body, for our work, for this statement, or for the opinions we have formed.

Fleur Nieboer
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London E14 5GL

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This report will be updated when KPMG has signed off the audit.

17 Governance Compliance Statement

- 17.1 Regulation 55 of the Local Government Pension Scheme regulations 2013 requires all administering authorities for local government pension schemes to publish a Governance Compliance Statement setting out the Fund's governance arrangements. It should outline the extent of the Fund's compliance with guidance issued by the Department of Levelling Up, Housing and Communities (DLUHC) and review that statement on an ongoing basis.
- 17.2 This statement sets out the Fund's Governance Structure, scheme of delegation, and the terms of reference for its Governing Bodies, the Pensions Committee and the Local Pensions Board and can be found on the Lewisham Pension fund's website.
- 17.3 The Fund fully complies with the best practice guidelines on governance, issued by (HMCLG). For details, see the table below.

Principle	Fully Compliant
A - Structure	
The Management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council.	✓
That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	✓
That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	✓
That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	N/A
B - Representation	
That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee (the Local Pensions Board) structure. These include: • Employing authorities (including non-scheme employers (e.g. admitted bodies)) • Scheme members (including deferred and pensioner scheme members) • Independent professional observers (where appropriate) • Expert advisers (on an ad hoc basis)	✓
That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.	✓
Selection and Role of Lay Members	
That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	✓

That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.	✓
Voting	
The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	✓
Training/Facility Time/Expenses	
That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	✓
That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form or secondary forum.	✓
Meetings	
That the administering authority's main committee or committees meet at least quarterly.	✓
That an administering authority's secondary committee or panel meet at least once a year and is synchronised with the dates when the main committee sits.	✓
That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders be represented.	✓
Access	
That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	✓
Scope	
That administering authorities have taken steps to bring the wider scheme issues within the scope of their governance arrangements.	✓
Publicity	
That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	✓